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Opportunity after Sept. 11 tragedy

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Most of the news has been bleak for Silicon Valley companies since the Sept. 11 terror attacks. But for a few businesses, the tragedy has made their products more popular than ever.

The list of local companies that could benefit financially in the wake of the terrorist attacks goes beyond just those in the airport-security business. It includes companies that make identification cards, video-conference systems and satellite telephones. Even a Fremont company that rents giant steam generators has found its phone ringing.

Of course, this potential windfall puts these companies in the awkward position of appearing to profit from someone else's misery. As a result, many executives said they are performing a delicate balancing act as they try to tactfully push their products without being labeled insensitive.

"We have not gone out and actively promoted our work," said Mac Jeffery, a senior director at Globalstar, which makes satellite telephones. "We want to avoid preying on people's fear and worries. Buying a Globalstar phone should be a sober business decision."

Still, many of these companies find themselves facing unprecedented interest.

For instance, Globalstar, of San Jose, has struggled to convince companies of the benefits of satellite phones. It launched its service early last year. But Jeffery said that, after losing cellular service in Lower Manhattan after the attacks, many companies have decided to add satellite phones to their telecommunications mix.

The sudden attention is a relief for many companies that were struggling through the economy downturn.

Avistar Communications of Redwood Shores sells video-conference systems to finance-related industries. That sector had been hit hard in recent months as the stock market dropped.

But Avistar President Jim Hughes said several of his customers put a moratorium on travel in the past two weeks. For businesses that had been weighing the costs and benefits of Avistar's system, the inability to travel has made the technology a necessity rather than a luxury.

"Where before they may have been easing toward the transition away from travel, now they're accelerating," Hughes said.

The attacks of course generated heightened interest in security. And that has brought swift decisions from

several government agencies which can otherwise be notoriously slow.

Just this week, Promia of San Francisco announced it had received \$9 million worth of new contracts for its computer-security systems from the U.S. Defense Department. Promia uses artificial intelligence to scan computer networks for signs they are being attacked by hackers.

While those deals had been in the works before Sept. 11, the company has been told in recent days that it will be awarded a \$30 million contract next year. The contract had been cut from next year's defense budget but was restored after the attacks, according to Promia Chief Executive John Mullen.

"We thought we weren't going to do so well next year because everyone had been looking at cutting defense budgets," Mullen said.

At Drexler Technology in Mountain View, executives had been waiting several years for the Canadian government to implement a program that uses its optical security cards in airports. Drexler identity cards record a copy of a person's fingerprint onto a chip. When the person presents that card at a checkpoint, a Drexler machine scans the presenter's fingerprint to see if it matches the one embedded in the card.

After awarding a multimillion-dollar contract to Drexler several years ago, Canadian officials put the program on hold due to budgets cuts. But last week, the Canadian government said it would begin installing the systems in airports.

Richard Haddock, chief operating officer and president of Drexler, said several U.S. agencies also have contacted the company about its technology, which already is used by the Immigration and Naturalization Service.

"Obviously, the world has changed," Haddock said. "We've had the ability to do this for 10 years. But there wasn't the infrastructure or the public demand. Now people not only want to be positively identified, they want everyone around them to also be identified."

Not all of the beneficiaries are high-tech. Nationwide Boiler, which has a major office in Fremont, rents steam-generating machines that, in some cases, are as big as a house.

Last week, the company received an order from Consolidated Edison in New York. The collapse of the World Trade Center buildings destroyed several underground steam units that provide heat to a number of buildings in New York. Friday, a giant Nationwide boiler left Fremont to make the trek across country.

Local companies also are getting a boost from politicians.

U.S. Rep. Mike Honda, D-San Jose, a member of the House aviation subcommittee, convened a meeting Friday in San Jose with about 50 valley executives, the administrator for the Federal Aviation Administration's Western Region, FBI representatives and executives from local airports.

The companies in attendance included several of the most prominent airport security companies in the valley, including InVision Technologies, Identix, and Pixim. The companies discussed strategies and technologies to improve airport security.

"There's a great amount of concern and willingness to work together," Honda said after the meeting. "No one technology is the answer. This was an effort to put all our tools in the tool box and understand what we can do."

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